



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 10-2, California State Income Tax Withholding

Date: January 15, 2010

To: Holders of TAXES (State of California only)
Personnel User Groups
T&A Contact Points in California

Beginning with wages paid for Pay Period 4, the National Finance Center (NFC) will make the following changes to the state of California income tax withholdings:

- The low income exemption amount for Married with zero (0) or 1 allowance and Single will decrease from \$11,278 to \$11,130.
- The low income exemption amount for Married with 2 or more allowances and Head of Household will decrease from \$22,556 to \$22,261.
- The standard deduction for Married with zero (0) or 1 allowance and Single will decrease from \$3,692 to \$3,637.
- The standard deduction for Married with 2 or more allowances and Head of Household will decrease from \$7,384 to \$7,274.
- The Single, Married, and Head of Household withholding tables will change.
- The annual personal exemption credit will decrease from \$108.90 to \$107.80.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click the **Publications** link at the top of the page. At the Publications page right-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630** or the EmpowHR Help Desk at **1-888-367-6955**

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California State Income Tax Information

State Abbreviation:	CA
State Tax Withholding State Code:	06
Acceptable Exemption Form:	DE-4 or W-4
Basis For Withholding:	State or Federal Exemptions
Acceptable Exemption Data:	S, M, H / Number of Regular Allowances / Number of Allowances
TSP Deferred:	Yes
Special Coding:	Determine the Total Number Of Allowances Claimed field as follows: First Position – Enter the employee's marital status indicated on the allowance certificate. Enter M (married), S (single), or H (head of household). Second and Third Positions – Enter the total number of regular allowances claimed in Item 1 of the DE-4. If less than 10, precede with a zero. If no exemptions are claimed, enter 00. Determine the Additional Exemptions Claimed field as follows: First and Second Positions – Enter the number of allowances claimed in Item 2 of the DE-4. If less than 10, precede with a zero. If no allowances are claimed, enter 00.
Additional Information:	If the employee is using a W-4 in lieu of the California state DE-4, the information for the Additional Exemptions Claimed field should be noted on the W-4.

Withholding Formula ►(Effective Pay Period 4, 2010)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in Step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.
5. Determine if the employee's gross annual wages are less than or equal to the amount shown in the Low Income Exemption Table below. If so, no income tax is to be withheld.

Low Income Exemption Table

Single		Married	Head of Household
	Exemptions	Annual Wages	
\$ ►11,130	0 or 1 ¹	\$ 11,130	\$ 22,261
	2 or more ¹	22,261◄	

¹ Number of **regular** allowances claimed on DE-4 or W-4

6. Determine the **additional withholding allowance for itemized deductions** (AWAID) by applying the following guideline and subtract this amount from the gross annual wages.
AWAID = \$1,000 x Number of **Itemized** Allowances Claimed for **Itemized** Deductions on DE-4 or W-4.

7. Subtract the standard deduction shown in the following table from the result of step 6 to determine the taxable income.

Standard Deduction Table

Single	Exemptions	Married Annual Wages	Head of Household
\$ ▶3,637	0 or 1 ¹	\$ 3,637	\$ 7,274
	2 or more ¹	7,274◀	

¹ Number of **regular** allowances claimed on DE-4 or W-4

8. Apply the taxable income computed in step 7 to the following table to determine the annual California income tax withholding.

**Tax Withholding Table
Single**

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ ▶7,060	\$ 0.00	plus 1.375%		\$ 0
7,060	16,739	97.08	plus 2.475%		7,060
16,739	26,419	336.64	plus 4.675%		16,739
26,419	36,675	789.18	plus 6.875%		26,419
36,675	46,349	1,494.28	plus 9.075%		36,675
46,349	1,000,000	2,372.20	plus 10.505%		46,349
1,000,000	and over	102,553.24◀	plus 11.605%		1,000,000

Married

If the Amount of Taxable Income Is:		The Amount of California Tax Withholding Should Be:			Of Excess Over:
Over:	But Not Over:				
\$ 0	\$ ▶14,120	\$ 0.00	plus 1.375%		\$ 0
14,120	33,478	194.15	plus 2.475%		14,120
33,478	52,838	673.26	plus 4.675%		33,478
52,838	73,350	1,578.34	plus 6.875%		52,838
73,350	92,698	2,988.54	plus 9.075%		73,350
92,698	1,000,000	4,744.37	plus 10.505%		92,698
1,000,000	and over	100,056.45◀	plus 11.605%		1,000,000

Head of Household

If the Amount of
Taxable Income Is:

The Amount of California
Tax Withholding Should Be:

Over: But Not
Over:

Of Excess
Over:

\$ 0	\$ ▶ 14,130	\$ 0.00	plus	1.375%	\$ 0
14,130	33,479	194.29	plus	2.475%	14,130
33,479	43,157	673.18	plus	4.675%	33,479
43,157	53,412	1,125.63	plus	6.875%	43,157
53,412	63,089	1,830.66	plus	9.075%	53,412
63,089	1,000,000	2,708.85	plus	10.505%	63,089
1,000,000	and over	101,131.35◀	plus	11.605%	1,000,000

9. Determine the tax credit by applying the following guideline and subtract this amount from the result of step 8.

Tax Credit = ▶\$107.80◀ x Number of **Regular** Allowances Claimed on DE-4 or W-4

10. Divide the annual California income tax withholding by 26 to obtain the biweekly California income tax withholding.